

# Exhibit E

WOLLMUTH MAHER & DEUTSCH LLP

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January 23, 2015

VIA FEDEX AND EMAIL

Ray Scott, President  
Oaktree Funding Corporation  
1298 W. 7th Street  
Upland, CA 91786

Re: *Lehman Brothers Holdings Inc. Indemnification Alternative Dispute Resolution  
Notice to Oaktree Funding Corporation*

Dear Mr. Scott:

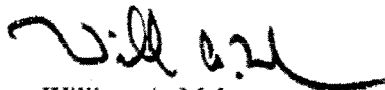
Enclosed please find Lehman Brothers Holdings Inc.'s ("LBHI") Indemnification Alternative Dispute Resolution Notice to Oaktree Funding Corporation, pursuant to the *Alternative Dispute Resolution Procedures Order for Indemnification Claims of the Debtors Against Mortgage Loan Sellers* (the "Order") dated June 24, 2014. The enclosed Indemnification ADR Package includes the following:

- Indemnification ADR Notice dated January 23, 2015
- Attachment A—Loan Information
- Attachment B—the June 24, 2014 Order
- Attachment C—Evidence Preservation Notice

For your convenience, we have also enclosed a Document Index that identifies the document Bates range associated with each Borrower. Instructions for accessing and downloading the documents (LEH-OAK\_0000001 to LEH-OAK\_0000597) will follow.

Thank you for your attention to this matter.

Sincerely,



William A. Maher

Enclosures

**DOCUMENT INDEX**  
Oaktree Funding Corporation

<b>Description</b>	<b>Bates Range</b>
Garcia (0032812307) Loan Documents	LEH-OAK_0000073 LEH-OAK_0000012 LEH-OAK_0000001 LEH-OAK_0000115 LEH-OAK_0000100 LEH-OAK_0000120 LEH-OAK_0000121
Guzman (0040156077) Loan Documents	LEH-OAK_0000204 LEH-OAK_0000144 LEH-OAK_0000123 LEH-OAK_0000127 LEH-OAK_0000231 LEH-OAK_0000236 LEH-OAK_0000237 LEH-OAK_0000253 LEH-OAK_0000254
Lopez (0040312605) Loan Documents	LEH-OAK_0000337 LEH-OAK_0000277 LEH-OAK_0000260 LEH-OAK_0000255 LEH-OAK_0000364 LEH-OAK_0000253 LEH-OAK_0000366
Zeron (0033125766) Loan Documents	LEH-OAK_0000455 LEH-OAK_0000389 LEH-OAK_0000367 LEH-OAK_0000482 LEH-OAK_0000381 LEH-OAK_0000486 LEH-OAK_0000487
Loan Purchase Agreements	LEH-OAK_0000489
Assignment Agreement	LEH-OAK_0000497

CONFIDENTIAL

**LEHMAN BROTHERS HOLDINGS INC.'S**  
**INDEMNIFICATION ALTERNATE DISPUTE RESOLUTION NOTICE**  
**("INDEMNIFICATION ADR NOTICE")**

**Pursuant to the attached Order entered by the United States**  
**Bankruptcy Court for the Southern District of New York, you, the Seller identified below,**  
**are required to respond to the Debtor on or before**  
**the Response Due Date set forth herein**

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Indemnification ADR Notice No.: 945-1760

Debtor: Lehman Brothers Holdings Inc. ("LBHI")

Seller: Oaktree Funding Corporation ("Seller")

Loan(s) Information: See Attachment A (the "Loan(s)")

Parties to Mediation: LBHI and Seller

Subject of Mediation: LBHI's indemnification claims against Seller

**Documents:**

Mortgage Loan Purchase Agreement made by and between Lehman Brothers Bank, FSB, ("LBB") and Seller (the "Loan Purchase Agreement"), and the incorporated Seller's Guide, (the "Seller's Guide"),<sup>1</sup> and the Assignment Agreement between LBB and LBHI (the "Assignment Agreement"), and other related documents and materials.

Documents and materials concerning the above-referenced loans, bearing production stamps LEH-OAK\_0000001 – LEH-OAK\_0000597, are available for download through a secure data repository website. For security purposes, instructions and credentials for accessing the website will be provided separately. These documents have been stamped "Confidential" pursuant to Paragraph 13 of the *Alternative Dispute Resolution Procedures Order for Indemnification Claims of the Debtors Against Mortgage Loan Sellers*, dated June 24, 2014 (the "Order"), annexed hereto as Attachment B.

The "Fannie Mae-LBHI Settlement Agreement" and "Freddie Mac-LBHI Settlement Agreement," referenced in Attachment A, are exhibits to the following documents filed in Case No. 08-13555 in the Southern District of New York Bankruptcy Court:

- Docket No. 42153 (Fannie Mae Settlement Agreement attached as Annex A)
- Docket No. 42754 (Freddie Mac Settlement Agreement attached as Annex A)
- Docket No. 42907 (Amendments to Freddie Mac Settlement Agreement)

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Loan Purchase Agreement or Seller's Guide.

The documents are available at [www.lehman-docket.com](http://www.lehman-docket.com) and may be accessed by clicking on the "Docket" heading and entering each Docket No. in the General Criteria, Docket Number(s) box located on the left hand side of the web page.

**Settlement Demand:**

LBHI seeks payment in the amount of \$944,927.16, which represents the total amount to satisfy Seller's indemnification obligation arising from LBHI's resolution of bankruptcy claims brought by the Federal National Mortgage Association ("Fannie Mae") and/or the Federal Home Loan Mortgage Corporation ("Freddie Mac," and together with Fannie Mae, the "GSEs"), to whom LBHI sold loans originated and/or sold by Seller to LBHI (the "Disputed Amount").

LBHI also seeks \$37,512.31 in prejudgment interest ("Prejudgment Interest") on the Disputed Amount at the statutory rate of nine percent (9%) from the date of LBHI's initial demand letter, dated August 15, 2014, to the date of this Notice. Interest will continue to accrue until LBHI receives actual payment.

In addition to the Disputed Amount and Prejudgment Interest, LBHI is entitled to its Attorneys' Fees in connection with enforcing Seller's obligation for indemnification. In an effort to resolve these matters in ADR as opposed to litigation, LBHI is not seeking its Attorneys' Fees at this time. However, LBHI reserves the right to seek Attorneys' Fees.

**Explanation of Basis for Settlement Demand:**

1. Disputed Amount. LBB purchased the Loans from Seller pursuant to the Loan Purchase Agreement. LBB subsequently sold the Loans to LBHI and assigned to LBHI its contractual rights with respect to the Loans, including its right to indemnification. LBHI, in turn, sold the Loans to one or more of the GSEs, and retained the contractual right to seek indemnification from Seller in the event LBHI became liable for an indemnified event or circumstance. Section 711 of the Seller's Guide, provides, in pertinent part, as follows:

Seller shall indemnify Purchaser and Purchaser's designees (including, without limitation, any subsequent holder of any Note) from and hold harmless against all claims, losses, damages, penalties, fines, claims, forfeitures, lawsuits, court costs, reasonable attorney's fees, judgments and any other costs, fees and expenses that the Purchaser may sustain in any way related to or resulting from any act or failure to act or any breach of warranty, obligation, representation or covenant contained in or made pursuant to this Seller's Guide or the [LPA] by . . . Seller[.] . . . In addition . . . Seller agrees that it shall pay the reasonable attorney's fees of Purchaser incurred in enforcing Seller's obligations hereunder[.]

As a result of Seller's breaches, LBHI incurred liability to the GSEs. It has settled that liability under the January 22, 2014, and February 12, 2014 settlements with Fannie Mae and Freddie Mac, respectively. The United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") approved those settlements, and with them, the allowed loan-level

claims made by the GSEs in LBHI's bankruptcy. Among those claims are claims concerning the loan number(s) identified in Attachment A in an amount equal to the Disputed Amount. The allowed claims are based on events or circumstances for which the Seller is liable as LBHI's indemnitor. *See* Attachment A and related documents.<sup>2</sup>

LBHI's settlements with the GSEs have now triggered Seller's duty to indemnify LBHI.

2. Prejudgment Interest. In addition to the Disputed Amount, under governing law, LBHI is owed prejudgment interest at the statutory rate of 9% per annum. N.Y.C.P.L.R. 5001; 5004. Interest will continue to accrue on the outstanding balance until payment is made to LBHI.

**Notice:**

LBHI hereby designates the dispute concerning the above-referenced loans as an Indemnification ADR Dispute pursuant to Paragraph 3 of the attached *Alternative Dispute Resolution Procedures Order for Indemnification Claims of the Debtors Against Mortgage Loan Sellers*, dated June 24, 2014 (the "Order"). *See* Attachment B.

In accordance with the Order, participation in the Indemnification ADR Procedures set forth therein is mandatory. Order ¶ 6.

The Order identifies two stages in the Indemnification ADR Procedures: 1) the Notice/Response Stage, and 2) the Mediation Stage. Order ¶¶ 8-10.

This Notice serves to trigger the Notice/Response Stage as described in Paragraphs 8 and 9 of the Order, which require that Seller respond to this Indemnification ADR Notice with a written Statement of Position within twenty (20) days from the date of service of this Indemnification ADR Notice. Order ¶ 8. The response options available to the Seller are described in Paragraph 8(b) of the Order. Failure to provide a timely response may lead to sanctions being imposed against the Seller. Order ¶ 8.

Once Seller submits its written Statement of Position to LBHI, LBHI will have the option of providing a reply within fifteen (15) days of the date of the receipt of Seller's response, or proceeding to the Mediation Stage. Order ¶ 8(d). The Mediation Stage is described in Paragraph 10 of the Order.<sup>3</sup>

<u>Date of Indemnification ADR Notice:</u>	January 23, 2015
<u>Date of Service:</u>	January 26, 2015
<u>Response Due Date:</u>	February 17, 2015

<sup>2</sup> LBHI does not forfeit or waive the right to disclose or identify additional claims and/or additional bases for its claims, and hereby expressly reserves all rights, claims, and defenses against Seller associated with the above-referenced loan(s).

<sup>3</sup> Seller is also obligated to preserve evidence as set forth in Attachment C to this Notice.

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Attorneys for Lehman Brothers Holdings Inc.  
and Certain of Its Affiliates

**ATTACHMENT A**  
**OAKTREE FUNDING CORPORATION**

Name	LBHI Loan #	Seller Loan #	Property Address	City	State	Zip	Claim	Disputed Amount
ZERON <i>File was UNAPPROVED BY LEHMAN BROS</i>	0033125766	33125766	6241 APPLE ORCHARD DRIVE	LAS VEGAS	NV	89142	<b>MISREP - DEBITS:</b> Oaktree sold Loan 0033125766 on September 13, 2006. The loan was sold pursuant to the terms of the Seller's Guide in effect as of August 17, 2006. <sup>1</sup> The Borrower and/or loan documents, including the Borrower's loan application, failed to disclose or otherwise include Borrower's other mortgage debt obligations, in breach of Oaktree's representations and warranties in Sections 703(1) and 703(12) of the Seller's Guide. (LEH-OAK_0000482) A credit report dated December 12, 2008 reflects two undisclosed mortgage loans with Indymac Bank opened August 16, 2006 in the amounts of \$271,200 and \$67,800. (LEH-OAK_0000381) LBHI seeks indemnification in the amount of \$179,281.53, representing the amount it was liable to Freddie Mac in consideration of this loan. LBHI also seeks prejudgment interest and reserves the right to seek attorneys' fees and any other relief permitted by law.	\$179,281.53
GUZMAN	0040156077	40156077	11945 10TH AVENUE	HESPERIA	CA	92345	<b>COLLATERAL:</b> Oaktree sold Loan 0040156077 on April 4, 2007. The loan was sold pursuant to the terms of the Seller's Guide in effect as of February 28, 2007. The loan was improperly underwritten in breach of Oaktree's representation and warranty in Section 703(36) of the Seller's Guide in the following respects: (1) the appraisal report failed to summarize and support the rationale for the highest and best use opinion; and (2) the appraisal report failed to correctly report the neighborhood market trend. Page one of the appraisal report states a marketing time of 3-6 months while page 2 shows 4 comparables on the market divided by 3.25 (absorption rate) equal to 1.23 months of housing supply; this is directly conflicted with data shown on page one. (LEH-OAK_0000236, LEH-OAK_0000237) LBHI seeks indemnification in the amount of \$298,732.54, representing the amount it was liable to Fannie Mae in consideration of this loan. LBHI also seeks prejudgment interest and reserves the right to seek attorneys' fees and any other relief permitted by law.	\$298,732.54



ATTACHMENT A  
OAKTREE FUNDING CORPORATION

LOPEZ	0040312605	40312605	41285 MAYBERRY AVENUE <i>UNDERSIGNED BY Lethard STATED income</i>	HEMET	CA	92544	<b>MISREP - INCOME/EMPLOY:</b> Oaktree sold Loan 0040312605 on May 2, 2007. The Loan was sold pursuant to the terms of the Seller's Guide in effect as of March 28, 2007. The Borrower and/or loan documents, including the Borrower's income and application, misrepresented the Borrower's income and employment, in breach of Oaktree's representations and warranties in Sections 703(1) and 703(12) of the Seller's Guide. The Borrower stated earnings of \$5,500/month on the Uniform Residential Loan Application. (LEH-OAK_0000255) A re-verification of employment confirmed Borrower's actual earnings of approximately \$4,373/month. (LEH-OAK_0000364) LBHI seeks indemnification in the amount of \$308,764.10, representing the amount it was liable to Fannie Mae in consideration of this loan. LBHI also seeks prejudgment interest and reserves the right to seek attorneys' fees and any other relief permitted by law.	\$308,764.10
GARCIA	0032812307	32812307	1635 BAKERSFIELD STREET <i>UNDERSIGNED BY Lethard STATED income</i>	LEMON GROVE	CA	91945	<b>MISREP - INCOME/EMPLOY:</b> Oaktree sold Loan 0032812307 on June 16, 2006. The Loan was sold pursuant to the terms of the Seller's Guide in effect as of May 11, 2006. The Borrower and/or loan documents, including the Borrower's income and application, misrepresented the Borrower's income and employment, in breach of Oaktree's representations and warranties in Sections 703(1) and 703(12) of the Seller's Guide. The Borrower's stated income from employment was \$8,000/month. (LEH-OAK_0000115) The re-verification reflects the Borrower's income was only \$42,244.80/year, or \$3,520.40/month. The significantly lower income was further supported by income documentation in the file provided for forbearance purposes and Borrower's bankruptcy petition. (LEH-OAK_0000100) LBHI seeks indemnification in the amount of \$158,148.99, representing the amount it was liable to Freddie Mac in consideration of this loan. LBHI also seeks prejudgment interest and reserves the right to seek attorneys' fees and any other relief permitted by law.	\$158,148.99

Pre-Interest ADR Demand Amount \$944,927.16

<sup>1</sup> All references to "Seller's Guide" in this document refer to Seller's Guide<sup>57</sup> and all references to "Underwriting Guidelines" refer to Seller's Guide<sup>55</sup>.